



Representative **Ruth Kagi**

2010

Legislative Wrap-up

Dear Neighbors:

The 2010 Legislative Session has finally concluded. It was the most challenging session in many decades. The economic downturn that started on Wall Street has affected the lives of families, friends, neighbors, and businesses—as well as state and local governments.

The goal of this legislative session was to chart a course toward long-term recovery for Washington and to address the growing needs of citizens facing tough times. We solved the \$9 billion shortfall in our budget last year without raising taxes but could not in good conscience pass an “all cuts” budget again this year. The impact on education, health and other services would be too severe. We have made many more cuts but are balancing the budget this year with both cuts and new revenues.

I’m a small-business owner, and I know that business success will be the real vehicle to recovery. In developing the revenue proposal, we have been mindful of the impact on businesses and jobs.

I have heard from many constituents throughout the session who are concerned about some aspects of the revenue package. Your concerns resulted in some changes to the revenue bill we passed. I have done my best to help fashion a proposal that is reasonable and fair. There is no way around the fact that new taxes are painful and unpopular. Details of the revenue bill are included in this newsletter.

By taking a balanced approach, we will be able to maintain the infrastructure that all of us depend on: public schools, workforce training, higher education, public safety, health, transportation and many other services. This will provide the foundation for Washington’s long-term success.

While the Legislature’s overriding priority this year was balancing the budget, we made real progress on a number of other issues, which are outlined in this newsletter. I think you deserve a report on what we accomplished during this difficult legislative session. Recognizing the need to cut costs, I am sending out just this one mailing this year.

Thank you for the honor of serving you in the Legislature. Please email or call me if you have any questions or comments.

Regards,

Rep. Ruth Kagi



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Children’s Services (Chair)
Ways & Means
Education Appropriations

Rep. Ruth Kagi

Confronting the Recession and Budget Challenges



For the second year running, Washington faces budget challenges brought on by the economic downturn. Washington isn't alone in its financial problems—only two states have not faced a budget shortfall over the past year. Because consumers and businesses are spending less money, tax revenue has dropped sharply.

The dive began in late 2008, leading to a \$9 billion operating budget shortfall that we addressed last session. We balanced the budget then without raising taxes, choosing instead to cut programs, accept federal assistance and transfer funds from other state accounts. These actions were painful to take, as they led to about 4,000 employment reductions and pay freezes for state workers along with significant cuts to education, higher education, natural resource programs, health care, foster care and much more.

We hoped the economy would level out after last session, but the situation continued to deteriorate and a new budget gap of \$2.8 billion opened over the last several months. We faced another round of tough choices this session.

We took a balanced, responsible approach to developing the budget. We raised some new revenue in very targeted ways, and we took more budget cuts—a total of about \$4.50 for every \$1 raised in new revenue for this biennial budget—and mandated time off without pay for state employees.

Few people are happy with this budget since it both cuts important programs and raises revenue. But I stand behind it as a reasonable, balanced approach given these unprecedented economic times.



Revenue that Protects Washington Priorities



When I'm out talking to people in the community, many of you are consistent about what our priorities should be: strong public schools, opportunity for college and job training, health care for children, and security for seniors and

disabled citizens.

We passed a revenue package amounting to nine percent of the total two-year budget shortfall in order to protect basic services. The taxes are very targeted so that the average family can easily avoid any tax increases at all, and small businesses are protected by an increase in their B&O credit.

The taxes include a temporary 0.3 percent B&O tax increase on professional services; a temporary 50 cent per gallon increase in beer taxes; a temporary two-cent per 12-oz tax on soda pop; a \$1 per pack tax increase on cigarettes; and making candy, gum and bottled water subject to the regular sales tax rate of 6.5 percent. More details of the tax package can be found online at http://housedemocrats.wa.gov/revenue_conferencereport.pdf

Security Lifeline

The lose-lose reality of a recession is that government is forced to save money by cutting back while citizens' demand for services goes up. Economic downturns mean more people lose jobs, health care and other essentials through no fault of their own. Many people turn to a combination of public services, family, faith organizations and other community resources to get by.

This session we reformed our state's human-services safety net through the Security Lifeline Act. We passed legislation that emphasizes faster transitions to

employability or Social Security Income benefits and that imposes new time limits on benefits. People who refuse to participate in treatment or services will be forced to leave.

The Security Lifeline also will create local online Opportunity Portals that connect people with federal, state and local services that will help them move forward with their lives. This high-tech system will be planned by DSHS and financed by private funders.



Budget Details

There has been a lot of talk about the budget process—prioritizing, cutting, taxing, debating—but I'd like to share some brief details about what the budget actually contains, including the good and the bad.

K-12 EDUCATION - Total budget: \$13.4 billion (43.2% of the state operating budget)



- \$132 million in new funding primarily for new enrollments and levy equalization
- Funding protected for National Board certified teachers
- All-day kindergarten protected

- \$78.5 million cut from Student Achievement Program
- \$30 million cut from K-4 enhancement
- \$15.7 million cut by eliminating a Learning Improvement Day

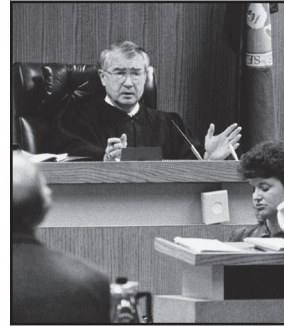
HIGHER EDUCATION - Total budget: \$3.1 billion (A reduction of \$68.2 million)

- State Need Grants protected
- \$17.6 million for an additional 3,784 worker retraining slots
- \$1 million for Opportunity Grants for low-income adults' career training
- \$1.8 million for aerospace training in community and tech colleges
- \$73 million cut across higher-ed institutions (six percent cut)

HUMAN SERVICES - Total DSHS budget: \$8.6 billion (A reduction of \$173.9 million)

- \$16.8 million to protect the temporary assistance (welfare) program
- \$20.2 million to protect Security Lifeline (formerly GAU)
- \$8.1 million to protect Adult Day Health
- \$6.1 million cut from state psychiatric hospitals
- \$10.7 million cut from nursing home rates (but \$38.2 million restored from 2009's cut)

Public Safety



We're all grateful for the safety and protection provided to us by law-enforcement officers, but we must also look out for them. The public safety community needs to have the appropriate tools at its disposal.

We passed a robust package of public-safety bills this session, including ones that will:

- Increase duty-related death benefits for the children and spouses of fallen and severely injured public safety employees.
- Allow judges to withhold bail for anyone charged with a crime punishable by life in prison, rather than only for people charged with capital offenses such as murder.
- Improve the bail process by providing courts with guidance on what to consider.
- Improve the involuntary treatment act by allowing for earlier interventions among mentally ill citizens so that treatment can happen sooner.

Is Washington Good for Business?

I have heard many concerns expressed about Washington's business climate. Although I empathize with the concern, I want to point out that from a national perspective, Washington gets high marks from independent researchers:

- *U.S. News and World Report* rates Washington at the top state to start a business (Jan 2009)
- The Tax Foundation reports that we have the 9th most business friendly tax system (Sept 2009)
- *Forbes* rates us as the 3rd best state for business (July 2008)
- Kauffman Foundation ranks Washington 2nd on the "New Economy" index (Nov 2008)



These ratings provide valuable perspective, and they surely play a role in recent reports suggesting Washington will be one of the first states to emerge from this recession. But we cannot rest on our laurels. Prudent investments in schools, transportation, health and safety have helped Washington become an economic leader in the past and they will be the foundation for our continued success. A solid infrastructure combined with healthy businesses is a winning combination.

Rep. Ruth Kagi

32nd District



Helpful Resources

JOB LISTINGS & WORKFORCE SERVICES

WorkSource

Web: <http://www.go2worksource.com>

INSURANCE INFORMATION

Office of the Insurance Commissioner

Phone: 800.562.6900

Web: <http://www.insurance.wa.gov>

UNEMPLOYMENT BENEFITS

Employment Security Department

Phone: 800.318.6022

Web: <http://www.esd.wa.gov>

FORECLOSURE INFORMATION

Department of Financial Institutions

Home Ownership Hotline: 877.894.4663

Web: <http://www.homeownership.wa.gov>

BASIC FOOD (FOOD STAMPS)

Department of Social and Health Services

Phone: 877.514.3663

Web: <http://www.foodhelp.wa.gov>

SERVICES FOR VETERANS

Department of Veterans Affairs

Phone: 800.562.2308

Web: <http://www.dva.wa.gov>

Don't know where to find a service? Call 2-1-1.

*Major Improvements
on the Way for Education*

We passed a package of bills to implement the major education reforms enacted last year. These include:

• **ACCOUNTABILITY** Provides a new approach to turning around low-performing schools, an updated teacher evaluation system that focuses on effectiveness, and expanded teacher preparation opportunities to help more people who want to become teachers find quality prep programs. (Senate Bill 6696)

• **FUNDING REFORM** Simplifies the funding model used by the state to make the budgeting process more transparent. This bill also phases in smaller class sizes for K-3rd grade by 2017 and requires increased state funding for schools' maintenance and operation costs. (HB 2776)

• **LOCAL LEVIES** Restores, protects, and enhances local levy funding by allowing school districts to calculate their levies to funding levels that existed prior to 2009 when the Legislature was forced to cut education budgets. (HB 2893)

• **EARLY LEARNING** Establishes an entitlement to pre-school for eligible 3- and 4-year-olds that will be phased in over the next eight years. Research shows that these early years are where education dollars can have the greatest effect, helping to ensure no child starts behind. (HB 2731)

• **DROPOUT RE-ENGAGEMENT** High-school dropouts need a path to success if they want to finish their education. I sponsored a bill to create a statewide, voluntary dropout retrieval program open to 16-to-21 year olds who drop out of high school. My sincere thanks to the students and faculty from Shoreline Community College who came to Olympia to testify in support of this bill numerous times and helped convince legislators of its importance. (HB 1418)